

[illegible]

BASIS OF ESTIMATE

For this estimate, CBO assumes that the project will be conveyed to the state of Texas in 2001. Texas currently makes annual payments to the Bureau of Reclamation to repay a portion of the project's construction costs. As a condition of conveyance, S. 1474 requires that the state pay the net present value of its repayment obligations, using a discount rate based on the average interest rate on 30-year U.S. Treasury bonds in the month preceding the sale. S. 1474 also would allow this amount to be adjusted. Based on information from the Bureau, CBO expects the Bureau to give Texas a credit of about \$6 million to reflect costs associated with mineral acquisition and the project's operation and maintenance. After this credit, CBO estimates that the state would pay about \$46 million in 2001. Once the project is conveyed, the government would forgo payments of about \$4 million each year for the next 35 years.

ESTIMATE PREPARED BY: Rachel Applebaum

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis